

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

NOTICE OF ADJUSTMENT OF RATES OF )  
4-WAY ENTERPRISES, INC., D/B/A )  
COOLBROOK SEWAGE TREATMENT PLANT ) CASE NO. 8493  
TO BECOME EFFECTIVE APRIL 20, 1982 )

O R D E R

IT IS ORDERED that 4-Way Enterprises, Inc., shall file an original and six copies of the following information with the Commission, with a copy to the Attorney General's Consumer Protection Division by July 23, 1982. Include with each response the name of the witness who will be responsible for responding to questions relating to the information requested. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case will be dismissed.

1) The combined total of the electric utility bills for the 12 months corresponding to the test year submitted in response to the information request of May 4, 1982, amounts to \$6,308.42 and the total of the water bills submitted amounts to \$1,686.81. Provide a reconciliation of the difference in these amounts and the amounts shown on the income statement for electricity and water expense. Also, provide a copy of the March 1981 water bill not previously submitted.

2) 4-Way Enterprises reports operating revenues on its pro forma income statement of \$28,139 and collection expense of \$2,814. This results in revenues of \$25,325 after collection charges have been deducted. Provide a reconciliation of the difference in this amount and the \$25,474.41 reported paid to 4-Way Enterprises by Farmdale Water District in their letter of May 5, 1982.

3) Provide an explanation of the letter furnished from Farmdale Water District of May 12, 1982. Specifically, indicate what the figure \$1,355.76 represents.

4) 4-Way Enterprises has reported \$3,348 in non-routine maintenance expense. In its information request of May 4, 1982, the Commission has requested a breakdown of the non-routine maintenance expenses. In regards to the breakdown provided in response to that request:

- a) Explain why the charge of 192.60 for 4-28-81 appears twice.
- b) Provide invoices #821-3 and 918-4 from Andriot Davidson.
- c) Provide a reconciliation of the difference between the \$4,704.73 total of invoices provided and the \$3,348 reported as non-routine maintenance expense on the pro forma income statement.

5) On page 12 of the 1981 Annual Report there are 237 reported customers while the letter of May 5, 1982, from Farmdale Water District states that 212 customers were billed as of December 31, 1981. Which of these figures is correct and exactly how many customers does this utility currently serve?

6) Please provide an explanation for the \$50,000 debit balance in Account 207 Other Paid in Capital.

7) A letter from Farmers Bank and Capital Trust Company has been submitted in response to item 6 of the Commission's information request of May 4, 1982. This letter appears to indicate that for borrowing purposes the treatment plant is worth \$50,000. In light of the fact that you have reported the entire plant in service as contributed property please give a complete explanation of the use of the proceeds of the \$50,000 loan.

8) Provide a detailed statement of the services provided 4-Way Enterprises by the Farmdale Water District.

9) Provide a list of the duties and responsibilities of Curtis Hazlett and Andriot Davidson's Service Company. Include with this list an estimate of the amount of time each spends at the utility.

10) 4-Way Enterprises has determined several of its pro forma adjustments based upon its plant capacity of 262 customers. In each case the adjustment was determined by dividing the test period actual expense by the average number of users during the test period and then multiplying the result by the number of customers at plant capacity. This is, in effect assuming a direct relationship between the number of customers and the level of expenses. For each pro forma adjustment calculated in this manner provide support for the assumption of a direct relationship between the number of customers and the level of expenses.

11) Provide a full and complete explanation of the business relationship between 4-Way Enterprises, Inc. and the Coolbrook Sewage Treatment Plant.

12) Has 4-Way Enterprises, Inc. contacted any other firms in an effort to secure the collection services now provided by Farmdale Water District at a more reasonable price for its customers. If so, provide copies of the bids or offers submitted,

Done at Frankfort, Kentucky, this 29th day of June, 1982.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

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Secretary